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***Kernan announces another quarter
of record-high Hoosier exports***

Gov. Joe Kernan announced today that Indiana exports continued to grow at a record-breaking pace, reaching an all-time high of \$5.03 billion in the second quarter of 2004.

Kernan said the 2004 second-quarter exports were \$500 million higher than the first quarter's \$4.53 billion, which itself was \$98 million higher than the state's historical peak in the second quarter of 2003.

"These record-breaking export numbers are another sign that Indiana's economy continues to improve," Kernan said. "It is evident that Hoosier products are in demand not only in our own country but across the globe, which is good news for Hoosier workers."

In the first six months of 2004, Indiana export sales were approximately \$1.07 billion higher (13.9 percent) than the same time period in 2003. By comparison, the national year-over-year increase was 13.6 percent.

The second quarter export numbers were released in the Quarterly Indiana Export Report, written by Larry Davidson, professor of business economics and public policy, and issued by the Center for International Business Education and Research at the Indiana University Kelley School of Business.

"Exports and international trade continue to be a strong sector of Indiana's economy," said Lt. Gov. Kathy Davis, who serves as director of the Indiana Department of Commerce. "These numbers show that we are successfully competing in a very aggressive global market, which in turn can lead to new business and job growth within the state."

Canada continued to be Indiana's leading trade partner. Exports to Canada increased by nearly \$300 million over first-quarter sales. Canada and Mexico together purchased 59.2 percent of Indiana exports, compared with 53 percent in the first quarter of 2004.

Indiana also experienced increases in exports to several European countries, including France, Spain and the Netherlands.

Vehicles and machinery continued to be Indiana's leading export sectors. Organic chemicals overtook electrical machinery as the third-largest contributing industry. Pharmaceutical product exports had the largest year-over-year growth with a nearly 71 percent increase, or more than \$108 million, over second-quarter 2003.

"It is remarkable that the state did so well and that nine of the top 10 industries were ahead of their sales at mid-year 2004 in a year when the dollar remained relatively strong and economic growth in Europe was so slow," said Davidson. "This shows that Hoosier companies are providing the right products in the right places."

In 2003, Indiana yearly export sales reached an all-time high of \$16.4 billion, nearly \$1 billion higher than the previous peak attained in 2000. The 9.9 percent increase from 2002 nearly doubled the nation's increase of 4.4 percent and exceeded the growth rate of 14 of the nation's top 15 exporting states.

"While Indiana's economic momentum is continuing to build in the global marketplace, we must ensure local growth as well by protecting our industries from unfair federal trade practices," Kernan said. "Our growth cannot come at the expense of Hoosier jobs."

In July, Kernan announced trade-related initiatives to make sure the state could respond quickly when communities and workers are hurt by unfair trade practices. The governor's proposal included the creation of a trade compliance office, a new trade impact site designation for communities that receive a WARN notice due to an impending plant closing, and "comeback grants" for communities to strengthen their ability to attract new jobs and offset any negative impact from federal trade policies.

In addition to containing details about this quarter's export numbers, The Quarterly Indiana Export Report features an in-depth discussion on international trade changes in cardiovascular goods. The full report is available online at <http://www.in.gov/doc/publications/NewQuarterlyExportReport/2004/2ndQtr/index.htm> <<http://www.in.gov/doc/publications/NewQuarterlyExportReport/2004/2ndQtr/index.htm>>.

A complete list of Indiana's top-10 export markets and industries for the first quarter of 2004 is listed on the following page.

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INDIANA'S TOP 10 EXPORT INDUSTRIES, FIRST QUARTER 2004*

Product	2003 Q2	2004 Q1	2004 Q2
Vehicles/Not Railway	1,302,436,726	1,246,093,945	1,554,152,216
Machinery	896,817,028	961,493,278	976,261,187
Remaining Industries	635,195,162	594,874,276	611,874,090
Organic Chemicals	337,920,486	329,738,020	483,107,001
Electrical Machinery	345,106,974	385,755,220	372,526,244
Optical/Medical Instruments	269,216,634	291,309,098	269,814,604
Pharmaceutical Products	153,329,706	244,226,119	261,894,444
Plastic	164,957,327	190,121,420	187,592,959
Misc. Chemical Products	172,099,618	153,925,361	171,686,676
Iron And Steel	96,589,788	82,985,834	87,917,400
Aluminum	62,155,051	53,432,376	56,720,439

INDIANA'S TOP 10 MARKET DESTINATIONS, FIRST QUARTER 2004*

Country	2003 Q2	2004 Q1	2004 Q2
Canada	2,096,824,400	1,993,493,274	2,293,356,629
Remaining Countries	647,519,191	740,578,531	727,369,655
Mexico	554,350,288	633,182,513	686,388,233
France	197,711,459	257,029,142	387,561,998
United Kingdom	384,110,721	320,297,147	323,361,915
Japan	157,552,290	192,232,762	154,227,955
Germany	138,270,319	142,620,041	137,039,939
Netherlands	86,329,755	71,276,361	106,100,952
China	71,145,314	68,494,682	79,788,518
Spain	41,924,967	59,051,289	77,007,874
Australia	60,085,796	55,699,205	61,343,592

*Note that tables include the categories "Remaining Industries" and "Remaining Countries." These categories represent the difference between total state exports and the exports of the top 10 industries or top 10 countries.